

Message Text

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ACTION EUR-25

INFO OCT-01 AF-10 ISO-00 AGR-20 CEA-02 CIAE-00 COME-00

DODE-00 EB-11 FRB-02 H-03 INR-10 INT-08 L-03 LAB-06

NSAE-00 NSC-10 PA-04 RSC-01 AID-20 CIEP-02 SS-20

STR-08 TAR-02 TRSE-00 USIA-15 PRS-01 SPC-03 FEA-02

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FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 6426

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

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AMEMBASSY RABAT

AMEMBASSY ROME

AMEMBASSY THE HAGUE

AMEMBASSY TUNIS

USMISSION OECD PARIS

USMISSION GENEVA

USINT ALGIERS

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E.O. 11652: N/A

TAGS: EEC, MO, TS, AG

SUBJECT: EC COUNCIL OF MINISTERS MEETING (FEBRUARY 4-5):

MEDITERRANEAN POLICY - TRADE RECIPROCITY

REF: EC BRUSSELS 473

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1. BEGIN SUMMARY. THE EC COUNCIL DISCUSSION OF MEDITERRANEAN

POLICY ON FEBRUARY 5 RESULTED IN SOME MOVEMENT TOWARD THE INCLUSION OF RECIPROCITY IN THE ARRANGEMENTS WITH THE MAGHREB STATES. THOUGH THE COUNCIL ISSUED NO NEW MANDATE AND THOUGH THE KEY ISSUE OF NEW AGRICULTURAL CONCESSIONS REMAINS UNRESOLVED, THE COUNCIL DECIDED THAT, ONCE A NEW MANDATE HAS BEEN APPROVED, THE COMMISSION SHOULD EXPLORE WITH THE MAGHREB STATES THEIR VIEWS ON RECIPROCITY. THE VIEWS OF THE THREE MAGHREB COUNTRIES WILL CARRY GREAT WEIGHT INSIDE THE COMMUNITY END SUMMARY.

2. DURING A TWO HOUR COUNCIL DISCUSSION OF MEDITERRANEAN POLICY, THE MAJOR PART OF WHICH WAS DEVOTED TO AGRICULTURE, THE GERMAN CHAIRMAN RAISED THE RECIPROCITY ISSUE AS ONE WHICH THE COUNCIL HAD TO ADDRESS IN SOME MANNER BEFORE FURTHER TALKS WITH THE MAGHREB COUNTRIES CAN BE UNDERTAKEN. MOST DELEGATIONS AGREED THAT AFTER THE COUNCIL HAS ISSUED A FORMAL MANDATE, THE COMMISSION SHOULD EXPLORE WITH THESE COUNTRIES THEIR VIEWS ON THE "FREE TRADE AREA APPROACH." AS DESCRIBED TO US, THE COMMISSION IS TO DETERMINE WHETHER THE TUNISIANS AND MOROCCANS "STILL" AGREE THAT THE GOAL OF THEIR TRADE AGREEMENTS WITH THE EC SHOULD BE A FREE TRADE AREA OR SOME ALTERNATIVE. IN THE CASE OF ALGERIA, THE QUESTION IS WHETHER THE ALGERIANS WOULD ACCEPT OR REJECT TRADE RECIPROCITY. IN ITS DISCUSSIONS WITH THESE COUNTRIES, THE COMMISSION IS TO INDICATE THAT THE COMMUNITY HAS AN OPEN MIND ON THIS ISSUE. IF THE FTA APPROACH IS REJECTED THE COMMUNITY IS PREPARED TO CONSIDER ALTERNATIVES THAT ARE COMPATIBLE WITH GATT RULES. OUR BRITISH SOURCES ADMIT THAT THIS DEVELOPMENT MEANS THEY HAVE CEDED SOMEWHAT TO THE FRENCH.

3. COMMENT. THE RESPONSE TO THE MAGHREB TO EC QUESTIONS ON RECIPROCITY WILL BE CRUCIAL IN DETERMINING THE EC POSITION. OUR SOURCES, INCLUDING HANNYAN SOAMES'S CHEF DE CABINET, SAY THAT IF ALGERIA REJECTS RECIPROCITY, FRANCE'S POSITION IN ADVOCATING RECIPROCITY FOR THE MAGHREB WILL BE MUCH WEAKER. ON THE OTHER HAND, SHOULD MOROCCO OR TUNISIA GIVE IN ON REVERSE PREFERENCES, THE EC HOLD-OUTS AGAINST RECIPROCITY, THE UK AND GERMANY, WOULD BE HARD PUT NOT TO GIVE IN TO THE FRENCH. THOUGH THE MAGHREB COUNTRIES HAVE SIGNED THE OAU DECLARATION ON NON-RECIPROCITY IN TRADE RELATIONS WITH DEVELOPED COUNTRIES, COMMISSION OBSERVERS ARE DUBIOUS THEY WILL STICK LIMITED OFFICIAL USE

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WITH THIS IF THE ISSUE IS POSED IN TERMS OF ADDITIONAL AGRICULTURAL CONCESSIONS, E.G., ALGERIAN WINE, IN EXCHANGE FOR REVERSE PREFERENCES. THUS, THE KEY TO WHETHER OR NOT THE COMMUNITY SETTLES FOR REVERSE PREFERENCES ("RECIPROCITY") NOW SEEMS TO DEPEND MORE THAN EVER ON HOW STRONGLY ONE OR MORE MAGHREB COUNTRIES RESIST THEM. MYERSON

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